

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING**

**Call to Order:** By **CHAIRMAN JACK WELLS**, on January 19, 2005 at 8:30 A.M., in Room 350 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Jack Wells, Chairman (R)  
Sen. Jon Tester, Vice Chairman (D)  
Sen. John Brueggeman (R)  
Sen. Mike Cooney (D)

**Members Excused:** Rep. Ralph L. Lenhart (D)

**Members Absent:** Rep. Carol C. Juneau (D)  
Sen. Bob Keenan (R)  
Rep. John E. Witt (R)

**Staff Present:** Laura Dillon, Committee Secretary  
Catherine Duncan, Legislative Branch  
Mark Bruno, OBPP

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: HB 6, 1/19/2005; HB 8, 1/19/2005  
Executive Action:

**Reference book is:** Governor's Budget State of Montana, Fiscal Years 2006-2007, Renewable Resource Grant and Loan Program (RRGL), Volume 7.

**CHAIRMAN WELLS** called the meeting to order and opened the hearing to RRGL projects.

**Martinsdale Canal Project #26 Page 79**

**Bob Fischer, Department of Natural Resources and Conservation (DNRC)**, introduced the project. It has been recommended for funding of \$100,000. The proposed project will create an off-stream storage facility and replace three drop structures on the outlet canal.

**Proponents' Testimony:**

**Kevin Smith, DNRC**, displayed a map and pictures of the proposed project (Exhibit 1). The reservoir is owned by the state and operated by the Upper Musselshell Water Users Association. A three-and-one-half mile long supply canal delivers water from the reservoir to the users by utilizing three different drop structures. The structures are made from concrete, which has deteriorated over time. The association has a limited amount of money to pay for the project, due to the long-standing drought in the area.

**EXHIBIT(jlh14a01)**

**Kevin Smith** said the proposed project will reinforce the deteriorated areas of the drop structures. This will add another 15 to 20 years to the life of the structures and buy time for a more complete rehabilitation. The users group is contributing money to the project, and the department will provide the construction resources.

**Gene Taber, Upper Musselshell Water Users**, testified that the current system is unable to deliver adequate water to the users. The users group is unable to fund all of the repairs necessary.

**REP. HARRY KLOCK, HD 83 and Keith Hill, Upper Musselshell Water Users**, stated their support of the Martinsdale Project.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. TESTER** asked if the largest drop structure was the one in danger of collapse.

**Mr. Smith** replied that this was correct and explained the structures in further detail.

**{Tape: 1; Side: A; Approx. Time Counter: 0 - 13}**

**Martinsdale Dam Project #12 Page 44**

**Mr. Fischer** explained that this was the second part of the Martinsdale project. The proposed project will deal with ongoing sediment and erosion problems at the north dam. The project has been recommended for a \$100,000 grant and \$80,340 loan.

**Proponents' Testimony:**

**Mr. Smith** provided the committee with pictures of this project (Exhibit 2). The reservoir has two urban embankment dams and the inlet structure has plugged. Because the reservoir was built in the 1930's, it has not been armored for sediment protection as more recent ones have. The proposed project will place riprap on the reservoir slopes to eliminate the sediment problem. DNRC will provide the oversight for the project.

**EXHIBIT(jlh14a02)**

**Gene Taber** and **Keith Hill** went on record in support of the project.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. TESTER** asked for clarification of the picture.

**Mr. Smith** explained the picture referred to the canal.

**Sweet Grass CD Project #47 Page 131**

**Mr. Fischer** stated that this project had been recommended for full funding in the amount of \$85,000. This will pay for a study to determine the feasibility of developing a new water storage facility at the Middle Glaston Reservoir.

**Proponents' Testimony:**

**Roger Engle, Sweet Grass Conservation District**, testified that the existing lake capacity is a concern for the district. The proposed project would keep more water in the state. Mr. Engle provided the committee with an outline of his speaking points (Exhibit 3).

**EXHIBIT(jlh14a03)**

**Matt Cremer, Sweet Grass Creek Water User**, supports the study. He stated that his ranch is not getting good irrigation during the summer months and a reservoir could remedy this.

**Tom Agnew, Lower Sweet Grass Creek Water User**, explained that there was not good communication between the water users on the upper and lower creeks. More pivot use in irrigation is allowing less water to be recycled into the creek. He feels there needs to be more forward thinking in regard to the water supply.

**Elaine Allestad, Sweet Grass County Commissioner**, distributed a letter signed by herself and other commissioners in favor of the study (Exhibit 4).

**EXHIBIT(jlh14a04)**

*{Tape: 1; Side: A; Approx. Time Counter: 13 - 31}*

**Roger Perkins, Water Resource Consultant**, described possible solutions for water management in Sweet Grass Creek. He feels it may be possible to store water from high flow seasons in the reservoir, but there needs to be a hydrology study first.

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 12.6}*

**Opponents' Testimony:**

**Cathy Duncan** distributed letters in opposition, which were faxed to her prior to the meeting (Exhibit 5).

**EXHIBIT(jlh14a05)**

**Ralph Cosgriff, President, Sweet Grass Canal and Reservoir Company**, stated that Otter Creek served as the drainage for the two lakes. He opposes the project because no drainage goes back to Sweet Grass Creek. Mr. Cosgriff does not feel public dollars should be used to fund a study that he does not think is feasible.

**Keith Goodhart, Lower Sweet Grass Creek Water Users**, testified that the group does not fully understand the hydrology of the creek. This creek runs through many users' land and diverting the creek will affect the land value. Nearly half of the water users below the dam oppose the project (see Exhibit 5).

*{Tape: 1; Side: B; Approx. Time Counter: 12.6 - 20}*

**Bill Ruegamer, Eagle Butte Ranch**, testified that not everyone was given a chance to be on the water users committee that had

requested this study. He stated that close to half of the Lower Sweet Grass Creek water users are opposed to the study, and they were not given the chance to have their opinions heard. He feels that if the project is approved, the loan rates will be too high to handle, and the burden will be placed on the water users. He is also concerned about the way water storage and rights will be addressed.

***{Tape: 1; Side: B; Approx. Time Counter: 20 - 31}***

**Jerry Iverson, Sweet Grass Creek Rancher**, commented that proponents of the project plan to take 40 percent of all high water on an average year. He is concerned that the proposal will take all high water in times of drought. He questioned the proposed storage methods and is worried that releasing stagnant storage water back into the stream might have detrimental effects on the environment.

**Questions from Committee Members and Responses:**

**CHAIRMAN WELLS** asked if he was correct to assume that the grant money was only recommended to fund a study.

**Mr. Fischer** replied that if funds were dispersed they would only be for a feasibility study.

**CHAIRMAN WELLS** asked Mr. Fischer if he thought the study would help the two sides to reach an agreement.

**Mr. Fischer** responded that the project was currently below the funding line. There were initial concerns of affordability, but he still would recommend the study to determine project feasibility.

***{REP. WITT and REP. LENHART entered the meeting at 9:45 A.M.}***

**Hammond Irrigation District Project #50 Page 139**

**Mr. Fischer** explained that the irrigation district was asking for a \$38,200 grant to repair a water siphon along the system. The project was recommended for full funding by DNRC.

**Proponents' Testimony:**

**Jason Brewer, Hammond Irrigation District**, said that the project is asking for a grant increase to \$68,400. This is because it has been determined that the existing siphon is too small to allow for a slip-liner. The additional funding requested will be enough to construct a new siphon from concrete. Local taxes will help to fund the project.

**Roger Perkins** explained that the structure was first inspected while it was full of water. Once drained, it became apparent that the conduit was too small to be lined. The system is nearing failure, and this problem needs to be addressed promptly.

**Mike Murphy, Water Resources Association**, stated his support for the Hammond Irrigation District Project.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**CHAIRMAN WELLS** asked if the project ranking would be changed because they are now asking for additional funds.

**Mr. Fischer** answered that the ranking of the project will remain the same. The committee will need to discuss funding possibilities for the project during executive action.

**Cartersville Irrigation District Project #59 Page 159**

**Pam Smith** introduced the Cartersville Project. The district is requesting a \$100,000 grant and \$30,843 loan to complete this project for irrigation system improvements. DNRC has recommended the full grant and loan amount for the project.

**Proponents' Testimony:**

**Jack Ferguson, Cartersville Irrigation District**, described the current structure. The system is full of holes, which allow sediment infiltration. The proposed project will replace the current irrigation structure with heavy-duty plastic pipe. The plastic pipe was chosen over steel or concrete, because it is estimated to last longer and will cost about the same. The district will raise taxes to help pay for the project.

**Mr. Perkins** testified that the current siphon structure was close to failure and needed to be replaced.

**Mr. Murphy** went on record in support of the project improvements.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. TESTER** asked Mr. Perkins to explain the new pipe structure.

**Mr. Perkins** stated that the new pipe will be made of polyethylene. It will be very durable and can handle as much water flow as the old, larger pipe.

**SEN. TESTER** asked how long this type of pipe has existed.

**Mr. Perkins** explained that the material had been around since the 1950's, and irrigators have recently begun to use it.

#### **Beaverhead CD Project #4 Page 23**

**Pam Smith** told the committee that this was the first phase of a two-phase project to restore Spring Creek. This project has been recommended for full funding of \$100,000.

#### **Proponents' Testimony:**

**Carl Malesich, Beaverhead Watershed Committee**, said Spring Creek had been identified as a problem within the conservation district. They would like to develop the area for brown trout once it is restored. Mr. Malesich distributed photos of the creek to the committee members (Exhibit 6). The district is working closely with other agencies on this project.

#### **EXHIBIT(jlh14a06)**

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 30}*

**Nick Hart, Beaverhead Watershed Commission**, stated that Spring Creek has erosion problems, and sediment control needs to be addressed.

**Scott Payne, Project Assessment**, testified that the Spring Creek Project has been identified as a means of improving overall water quality and wildlife habitat for the area.

**Opponents' Testimony:** none.

#### **Questions from Committee Members and Responses:**

**SEN. TESTER** asked if the project had looked into any alternate funding from the Natural Resources Conservation Service (NRCS).

**Mr. Malesich** replied that NRCS will pay for parts of the project, but they are no longer funding "dirt work."

*{Tape: 2; Side: B; Approx. Time Counter: 0 - 6.7}*

**Black Eagle Project #45 Page 127**

**Mr. Fischer** said that the Black Eagle Water and Sewer District had applied for a \$50,000 grant to replace old water lines. The project has been recommended for full funding through the RRGL Program.

**Proponents' Testimony:**

**Chuck Harant, Black Eagle Water and Sewer District**, said upgrades to the main road in Black Eagle must be coordinated with the underlying water and sewer pipe upgrades. The town is a low-income community, and RRGL funding will help to keep their rates low. Mr. Harant handed out copies of his written statement (Exhibit 7) to the committee.

**EXHIBIT(jlh14a07)**

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. BRUEGGEMAN** asked why the project had not been discussed with the Treasure State Endowment Program (TSEP) funded projects.

**Mr. Fischer** responded that the project had applied for TSEP funding, but was not recommended for a grant because their rates were not within the target range. The community is proposing to use the \$50,000 from RRGL for a smaller scale project or for preliminary engineering on the original.

**SEN. BRUEGGEMAN** asked if the community could reapply for TSEP grants in the future if the money were used for preliminary engineering.

**Mr. Harant** replied that the community would reapply for TSEP funds if the current funding was used for preliminary engineering.

***{Tape: 2; Side: B; Approx. Time Counter: 6.7 - 11.7}***

**Yellowstone Conservation Project #35 Page 101**

**Mr. Fischer** presented the Yellowstone Conservation District Project. It is recommended for full funding of \$100,000. The project will address three areas for erosion and weed control and will be used as an educational program in the area.

**Proponents' Testimony:**

**Harold Zeiler, Yellowstone County Conservation District,** distributed pictures and copies of a newspaper article related to the project (Exhibit 8). He said Canyon Creek has developed severe erosion problems, and is depositing a significant amount of sediment into the Yellowstone River. The drainage problems along the creek are beginning to be addressed. Parts of the creek have already been re-vegetated near Zoo Montana.

**EXHIBIT(jlh14a08)**

**Mr. Zeiler** said the funding for this project will be used to continue creek restoration and deal with the noxious weed problem. The district would like to use rehabilitated areas of the creek for demonstrations to educate the public about weed control.

**Gary Rome, Terracon Engineering,** added that the three areas were chosen for the project because of the potential structural damage that could result from the erosion.

**SEN. JEFF ESSMANN, SD 28** went on record in support of the project.

**LaVerne Ivie, Yellowstone Conservation District,** explained that the area was changing from rural to urban. The amount of growth in the area makes it imperative to address the conservation issues now.

**Gayla Wortman, Missouri River Conservation District Council,** stated her support for the project.

**Scott Bockness, Yellowstone County Weed Control,** stated that he has worked with the conservation district on previous projects. He believes weed control is essential to the restoration of the creek.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**REP. LENHART** asked what a "rock barb" referred to.

**Mr. Rome** replied that they are structures placed in the creek to change the direction of the water flow.

**SEN. TESTER** asked if the two weed control demonstration projects proposed would encompass the noxious weed problem in the area.

**Mr. Bockness** answered that most of the weed issues will be addressed through the two demonstrations. Plans are being made to address the remainder of the noxious weed infestation in the area.

**Lewis and Clark Conservation Project #46 Page 129**

**Mr. Fischer** stated that this project would be administered through the Lewis and Clark Conservation District. The project is recommended for \$100,000, which will be used to rehabilitate the Florence Canal.

**Proponents' Testimony:**

**Richard Artz, Water Users Association**, explained that the project consisted of two dams. The reservoirs are currently only about half full, due to drought. There are sinkholes in the area of the dams, and the canal system needs to be lined. Aging culverts will also be replaced through the project.

*{Tape: 3; Side: A; Approx. Time Counter: 0 - 1.9}*

**Alan Rollo, Sun River Watershed Group; Gayla Wortman; and Mike Murphy** stated their support for the project.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. TESTER** asked if the project was more for maintenance than for the correction of major structural problems.

**Mr. Fischer** responded that the district was dealing with significant water-loss problems.

**Mr. Artz** stated that the canal was experiencing 50 percent water loss, and this would be the main focus of the project.

**REP. LENHART** asked how long spray sealant lasts in the canal.

**Mr. Arntz** replied that the spray will last from one to two years, and was only a temporary solution to address leakage.

**Gardiner-Park County Project #20 Page 64**

**Pam Smith** introduced this project by the Gardiner-Park County Water District. The project has been recommended \$100,000 to pay for water system improvements in the Town of Gardiner.

**Proponents' Testimony:**

**Patrick Murtagh, Montana Engineering and Administration,** presented the committee with a visual on the project (Exhibit 9). The project will build a new water plant and pipeline to deal with the town's ongoing arsenic problem.

**EXHIBIT(jlh14a09)**

*{Tape: 3; Side: A; Approx. Time Counter: 1.9 - 12.4}*

**Ron Shorter, Gardiner-Park County Water District,** testified that the community is unable to meet the new federal arsenic standards. The town needs safe drinking water to continue to attract the tourists, which feed their economy. Yellowstone Park is the system's largest water user, but they have not contributed to the project. The community has been unable to obtain funding from the federal government.

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. BRUEGGEMAN** asked what the arsenic concentration would be after the new system is installed.

**Mr. Murtagh** explained that arsenic concentration is measured in "dead volumes." The concentration of arsenic after the new water system is completed will be from 0-10 dead volumes, depending on volume. This is a very low concentration.

**SEN. BRUEGGEMAN** asked how long the new system was expected to last.

**Mr. Murtagh** replied that the system will function from seven to eight years.

**SEN. BRUEGGEMAN** asked what the cost of replacing the system would be.

**Mr. Murtagh** answered, "\$170,000."

**CHAIRMAN WELLS** asked what the water source was for the district.

**Mr. Shorter** replied that there were two wells located at the Yellowstone River. There was also a spring, which was not contaminated, but could not supply enough water for the community.

**CHAIRMAN WELLS** asked if the district had the option of drilling other wells.

**Mr. Shorter** responded that they had drilled test wells and all measured high in arsenic.

*{Tape: 3; Side: A; Approx. Time Counter: 12.4 - 20.1}*

**Missoula County Project Page 167**

**Pam Smith** said this project requested funds for flood mitigation and restoration of the Lower Grant Creek Area. The project is not recommended because the community did not have its preferred alternative and additional funding sources secured at the time of application.

**Proponents' Testimony:**

**Ms. Duncan** distributed testimony (Exhibit 10) that was faxed to her by project proponents.

**EXHIBIT(jlh14a10)**

**Greg Robertson, Missoula County Public Works**, explained that the existing flood-plain maps were not accurate. He displayed a map, which highlighted the inconsistencies that will be addressed in the project (Exhibit 11). The project has received additional outside funding and is slated to go forward through a public/private partnership. The community is expecting to receive Federal Emergency Management Agency (FEMA) funds for the project. Over 100 homes that are currently within the flood plain flood-way will be relocated. Local property owners have donated all necessary easements for project completion.

**EXHIBIT(jlh14a11)**

*{Tape: 3; Side: A; Approx. Time Counter: 20.1 - 31}*

**Dan Harmon, HDR Engineering**, said that the community did not make it clear on their application that this project could be broken into phases. The project could still move ahead on the first phase with a limited amount of funding. The project would address under-sized culvert capacity and restore heavily eroded streambanks. Because the final plans for the project will be

available within a month, Mr. Harmon suggested that the committee reconsider funding the project.

***{Tape: 3; Side: B; Approx. Time Counter: 0 - 6.6}***

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**SEN. BRUEGGEMAN** asked Mr. Robertson how confident he was that FEMA funds would be received.

**Mr. Robertson** answered that obtaining FEMA grants was a competitive process. However, there is strong support for the project within the department, and they feel it will receive funding.

**SEN. BRUEGGEMAN** asked for clarification of the amount of federal funds that were expected to be received.

**Mr. Robertson** replied that the project is expected to cost a total of \$4 million. It is expected that three-quarters of the funding will come from federal sources.

**Deer Lodge Valley Conservation Project Page 164**

**Pam Smith** introduced the Deer Lodge Valley Conservation District project. The proposal includes a plan for diversion and improvements to Cottonwood Creek. No funding is being recommended at this time, because the application failed to adequately address the fish population and other environmental problems.

**Proponents' Testimony:**

**Scott Payne** supplied written proponent testimony on behalf of John Hollenback, Deer Lodge Valley Conservation District (Exhibit 12).

**EXHIBIT(jlh14a12)**

**Steve McNeil, Water Resources Council**, provided a summary handout of the project for the committee members (Exhibit 13). The proposed project is one of many Peterson Creek Projects. The county is currently seeking funding to address the concerns about the fish population.

**EXHIBIT(jlh14a13)**

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:**

**CHAIRMAN WELLS** asked if the district had applied for Future Fisheries funding.

**Mr. McNeil** responded that Future Fisheries funding is being considered as part of the project.

**Gallatin River Project #3 Page 20**

**Pam Smith** introduced this project to research and create a groundwater model for the Gallatin Valley/Four Corners area. This study is necessary to proactively address water concerns in this rapidly developing area. The project has been recommended for full funding of \$99,618.

**Proponents' Testimony:**

**Steve Custer, Associate Professor, Montana State University,** provided the committee with a presentation of the study area (Exhibit 14). He testified that the project was necessary before further development of the area. The Upper Missouri River Basin is closed to further surface water appropriations until water adjudication is completed.

**EXHIBIT(jlh14a14)**

***{Tape: 3; Side: B; Approx. Time Counter: 6.6 - 27.6}***

**Opponents' Testimony:** none.

**Questions from Committee Members and Responses:** none.

**John Tubbs, DNRC,** reminded the committee members of bills in other committees that had pertinence to Long Range Planning Subcommittee bills.

**Ms. Duncan** discussed the changes to the schedule and distributed a press release she had received regarding the St. Mary's Project (Exhibit 15).

**EXHIBIT(jlh14a15)**

The meeting was adjourned.

***{Tape: 4; Side: A; Approx. Time Counter: 0 - 3.8}***

**ADJOURNMENT**

Adjournment: 11:50 A.M.

---

REP. JACK WELLS, Chairman

---

LAURA DILLON, Secretary

JW/lld

Additional Exhibits:

**EXHIBIT ([jlh14aad0.TIF](#))**